

## Message Text

UNCLASSIFIED

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21

ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 XMB-04 EB-07 AGR-10 TRSE-00

OMB-01 CIAE-00 INR-07 NSAE-00 COME-00 /046 W

----- 104216

R 210410Z NOV 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 2933

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

UNCLAS ISLAMABAD 10771

E.O. 11652: N/A

TAGS: EFIN, PK

SUBJ: OPIC: AUTHORIZATION FOR PREMIER TOBACCO LOAN

REF: ISLAMABAD 10207

1. EMBASSY HAS NOW RECEIVED A LETTER FROM THE STATE BANK OF PAKISTAN REVISING THE APPROVAL LETTER GIVEN IN REFTEL. ORIGINAL COPY BEING POUCHED TO OPIC. LETTER READS AS FOLLOWS.

2. BEGIN QUOTE. GRANT OF LOAN AMOUNTING TO RS.119 LACS FROM OVERSEAS PRIVATE INVESTMENT CORPORATION, U.S.A. TO PREMIER TOBACCO INDUSTRIES LIMITED, KARACHI. PLEASE REFER TO OUR LETTER NO. INT/5812/8(862)-75 DATED THE 31ST OCT., 1975 REGARDING THE ABOVE. IN PARTIAL MODIFICATION OF PARA 2 OF OUR LETTER UNDER REFERENCE, CONDITION OF SERIAL NO.(II) MAY PLEASE BE AMENDED TO READ AS UNDER:- (II) RATE OF INTEREST.. 9 1/2 PERCENT P.A. SUBJECT TO DEDUCTION OF PAKISTAN TAXES, IF LEVIABLE. YOURS FAITHFULLY, MUHAMMAD IQBAL, P. DIRECTOR. END QUOTE.

3. RELATED TO THE ABOVE CONGEN KARACHI HAS ALSO RECEIVED THE FOLLOWING LETTER FROM PREMIER TOBACCO (DATED NOV. 18, 1975). BEGIN QUOTE. INTEREST PAYABLE TO OPIC WOULD BE SUBJECT TO DEDUCTIONS OF PAKISTAN TAXES, IF LEVIABLE. HAVE DISCUSSED THE QUESTION OF TAXABILITY WITH M/S A.F. FERGUSON AND COMPANY WHO HAVE ADVISED ME THAT TAX IS NOT PAYABLE ON INTEREST ON COOLEY LOANS IN TERMS OF UNCLASSIFIED

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ARTICLE XIV(2) OF THE AVOIDANCE OF DOUBLE TAXATION AGREEMTN WITH

U.S.A. SINCE THE LOAN IS FROM THE U.S. GOVERNMENT AND THE INTEREST IS PAYABLE TO THE U.S. GOVERNMENT. I WOULD HIGHLY APPRECIATE IF YOU KINDLY CONFIRM THAT OPIC IS A DEPARTMENT OF THE U.S. GOVERNMENT AND WILL BE CONSTRUED ELIGIBLE FOR THE PURPOSE OF ARTICLE XIV(2). YOUR ASSISTANCE IN THIS MATTER SHALL BE VERY HIGHLY APPRECIATE. END QUOTE.

4. ARTICLE XIV(2) OF THE AVOIDANCE OF DOUBLE TAXATION TREATY READS AS FOLLOWS. QUOTE. EFFECTIVE JAN.1, 1956 THE FEDERAL RESERVE BANKS OF THE UNITED STATES SHALL BE EXEMPTED FROM PAKISTAN TAX WITH RESPECT TO INTEREST FROM SOURCES WITHIN PAKISTAN. END QUOTE.

5. CONGEN KARACHI WILL CONFIRM TO PREMIER TOBACCO THAT OPIC IS A U.S. GOVERNMENT AGENCY, BUT WE WOULD LIKE OPIC'S ADVICE AS TO WHETHER ARTICLE XIV(2) IS RELEVANT TO THE PROBLEM OF THE TAXABILITY OF INTEREST ON THE PROPOSED LOAN, OR WHETHER THE REVISED LETTER FROM THE STATE BANK RESOLVES THE PROBLEM.

6. EMBASSY AND CONGENS WOULD APPRECIATE BEING KEPT INFORMED OF THE DEVELOPMENTS ON THIS AND OTHER OPIC LOANS, AS LOCAL REPRESENTATIVES OF BORROWERS REFER TO US FOR ASSISTANCE AND INFORMATION ON THEM.  
BYROADE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TOBACCO, LOANS, TAX RELIEF, INTEREST RATES, PUBLIC CORRESPONDENCE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 NOV 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975ISLAMA10771  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750405-0835  
**From:** ISLAMABAD  
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**Image Path:**  
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**Office:** ACTION OPIC  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 ISLAMABAD 10207  
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**Review Authority:** izenbei0  
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**Review Withdrawn Fields:** n/a  
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**Subject:** OPIC: AUTHORIZATION FOR PREMIER TOBACCO LOAN  
**TAGS:** EFIN, PK, OPIC, PREMIER TOBACCO INDUSTRIES LTD  
**To:** STATE  
**Type:** TE  
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